

**Major rate hike for some SC water, sewer customers possible next year**

By Isabella Cueto

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Columbia, SC

Blue Granite Water Company, the private water and sewer company that serves 30,000 customers in South Carolina, is looking to increase customer's rates by up to 56%, according to legal filings from October.

That means Blue Granite's rates for the average water customer would go up by 45%, while sewer rates would increase by 56%, according to the state Office of Regulatory Staff, a government watchdog that advocates for customers. The Public Service Commission will take up the request in the spring.

A Midlands customer's water bill would increase by about \$25-35 per month, while the average sewer bill would go up by \$26-36 per month, according to Regulatory Staff estimates.

It's a substantial increase for those customers who just had an increase not very long ago," said Ron Aiken, a spokesperson for Regulatory Staff.

Blue Granite, formerly Carolina Water Service, serves dozens of neighborhoods in Richland and Lexington counties.

The rate increase is sure to upset some customers, who through the years, have complained of spotty service and what they call expensive rates. The proposed rate increase is also coming at a time when the company is still having trouble following environmental laws. Blue Granite was recently fined thousands by the Department of Health and Environmental Control for improperly getting rid of waste.

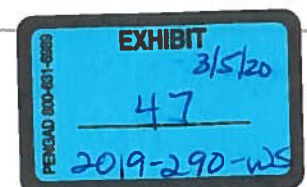
Rates for the company's Midlands customers could go up by up to 55.4% for water service. In parts of the Midlands where Blue Granite buys water wholesale from another supplier — such as the city of Columbia — rates could go up by up to 53.6%, according to Regulatory Staff. Rates and the proposed increases vary based on which service area customers live in.

Blue Granite also serves customers in the Rock Hill area and other parts of the Upstate, where rates will be similarly affected.

Sewer rates would likewise increase by up to 55.7%, as would base facilities charges, the fixed amount customers pay each month. And while the charge for Blue Granite's service as a water distributor could go down for some customers, those same ratepayers would be charged an extra fee, a "purchased water charge," which could change annually.

The PSC last allowed Blue Granite, the former Carolina Water Service, to increase customer's bills in 2018.

Since then, the company has spent \$23 million on making its South Carolina water and sewer systems more efficient, according to a statement from Blue Granite. This is part of the reason why the company is requesting more revenue — to recoup the costs of those projects, which benefit customers.



Among the improvements were cleaning up the Friarsgate treatment facility in Irmo and connecting it to the city of Columbia to stop wastewater from seeping into the Saluda River, according to a statement from Blue Granite. The company also updated 22,000 linear feet of wastewater-transporting pipes in the Midlands and upgraded the Forty Love Point wastewater system in Chapin, the release said.

“Each of these projects has helped Blue Granite meet its obligation to provide safe and reliable water and wastewater service to its customers across South Carolina,” the statement said.

The company also wants to increase customers’ bills incrementally each year as the cost of services it purchases from third-party vendors goes up. The utility industry as a whole is moving toward making small annual rate changes instead of big jumps every few years, according to Blue Granite spokesperson Dave Wilson. The PSC would have to allow Blue Granite to add annual rate hikes.

Consumer advocates argue that the rates customers pay is “enough to have the utility stay in compliance with the law,” according to Dawn Hipp, chief operating officer of Regulatory Staff.

The Regulatory Staff is tasked with combing through Blue Granite’s application, fact-checking figures and making customer-minded recommendations to the PSC.

Blue Granite is also asking the PSC to increase its profits from construction projects. Right now, the company earns 10.5 cents on every dollar it spends on improvement projects. It is asking the PSC for profits of 10.7%. That request comes two years after Regulatory Staff fought for a smaller amount — 9%. In that case, the PSC sided with Blue Granite in approving the 10.5% profit rate it now has.

In total, Blue Granite is seeking \$11.7 million in added revenue to cover, among other things, its legal expenses and the creation of a storm reserve fund.

Blue Granite has long fought with various regulatory agencies over its rate hikes and history of skirting environmental regulations. The small water systems the company runs in rural parts of the state often lack basics. It has been cited for bad drinking water and it has been fined millions of dollars for polluting waterways.

The company was fined \$8,225 by DHEC in September for “failing to properly dispose of sludge” from its Watergate wastewater treatment facility in Lexington County. Between 1993 to 2013, enforcement actions against Carolina Water Service and related companies dwarfed those against any other company or government agency in South Carolina.

In an effort to ameliorate its public image, Carolina Water Service changed its name to Blue Granite, began apologizing for sewage leaks into waterways, started interconnecting rundown facilities and hired a new president: former DHEC chief Catherine Heigel.

Before the PSC makes a final decision on the latest rate increase request, customers, homeowners associations, legislators and others will have a chance to comment. Dec. 9 is the deadline for interested groups to request hearings with the commission.

**Thousands exposed to dangerous drinking water across South Carolina**

Disease-carrying bacteria, cancer-causing chemicals, toxic nitrates and brain-damaging metals have shown up in small water systems from the foothills to the coast, according to government records reviewed by The State during the past year.

JENKINSVILLE, SC

Germs that can cause nausea, diarrhea and headaches showed up in Jenkinsville's drinking water one afternoon seven years ago, exposing potentially thousands of customers to the sickening consequences of sipping polluted water.

But for nearly four days, Jenkinsville-area residents didn't know about the contamination because nobody told them. The water system's manager says he was out of town and his staff didn't send out warnings to boil the water, a nearly foolproof way of killing the dangerous E coli bacteria.

The utility's failure to tell the public wasn't the only time the Jenkinsville Water Co. has had troubles — nor are the system's problems unique.

Read more here: <https://www.thestate.com/news/special-reports/article224595555.html#storylink=cpy>

Poorly staffed and lightly regulated, small S.C. utilities regularly make decisions — and mistakes — that imperil the drinking water used by tens of thousands of the state's most vulnerable and forgotten residents.

Disease-carrying bacteria, cancer-causing chemicals, toxic nitrates and brain-damaging metals have shown up in small water systems from the foothills to the coast, according to government records reviewed by The State during the past year.

State inspectors report seeing fire ants and roaches on public wells, vulture droppings coating the ground below water tanks and cracked wells that allow bacteria into water systems.

The problems date back more than two decades, but many are unresolved today, according to S.C. Department of Health and Environmental Control records. The State found a litany of problems while reviewing thousands of DHEC records during the past year.

Among the findings:

- In the past two years, more than 200 small water systems, serving about 90,000 South Carolinians, have failed annual state inspections.
- More than 150 small water systems, serving 163,000 people, have broken safe drinking-water laws multiple times since 1990. That includes at least 59 systems, serving 83,000 South Carolinians, in the past decade.
- Since 2011, 41 small utilities, serving more than 20,000 South Carolinians, have exceeded the federal safety standard for lead in their drinking water at least once. Lead is a neurotoxin that can cause brain damage in children even at low levels.
- More than 360,000 South Carolinians get drinking water from community water systems that do not treat the water to prevent lead from corroding off pipes and into people's homes.
- More than 300 small community water systems, serving 235,000 South Carolinians, don't put fluoride in their water to preserve children's teeth, according to the U.S. Centers for Disease Control and Prevention.

Some customers of small water systems complain of spotty service, high bills, and discolored and foul-smelling drinking water. Others suspect their health problems result from the water piped into their homes.

In the town of Denmark, Palmer Williams says she developed rashes and her hair fell out from showering in contaminated water. In the Hopkins community southeast of Columbia, Ketis Jones said it took her son more than four years to speak in sentences after he was exposed to lead in drinking water. In the Latta area of eastern South Carolina, dentist Kent Bracey says he pulls more teeth, in part because children are drinking water without fluoride.

Most recently, concerns have arisen in Belton, a small Upstate city. There, locals learned in January that lead had been detected in their water for months, if not years.

Customers like Evelyn Pauling say they are fed up.

Pauling lives on a lonely stretch of rural highway in the Blair community, a crossroads in Fairfield County. Despite assurances from the Jenkinsville Water Co. that her water is fine, Pauling said the water is cloudy, tastes bad and leaves spots on her dishes after she washes them. She said it's worth spending her limited dollars for bottled water.

"They need to get the problem fixed so people can use the water to drink and cook in," said Pauling, 62. "We are paying for it. I don't think that's fair, that we've got to pay, and we ain't getting service."

### **'Significant public health risks'**

Unlike large municipal utilities in metropolitan areas, many small utilities serve pockets of people in out-of-the-way communities.

Collectively, the small systems provide water to 800,000 South Carolinians, compared to 3.2 million who get their water from large systems and 1 million who use private wells.

Big systems have challenges from an array of new types of contaminants discovered in recent years, but DHEC records show small systems have far more trouble meeting the most basic requirements to ensure their water is safe.

Overall since 2012, about 88 percent of the enforcement cases by DHEC for drinking water violations have been against small utilities, The State's analysis of enforcement records determined.

During that same period, 36 percent of the drinking water cases against small utilities have been for allowing bacteria in the water, as opposed to 16 percent against large utilities, according to The State's review of enforcement data.

Small systems also have run into trouble with DHEC more than twice as many times as large utilities for failing to maintain equipment, such as water tanks and pipes, records show.

Those numbers echo findings in a 2016 U.S. Environmental Protection Agency report. That report said small water systems across the country violate safe-drinking standards more often than big utilities. Failing equipment and pipes can lead to poor water quality and "pose significant public health risks in customers," the report said.

While state inspectors frequently find problems in small water systems, records show DHEC often goes easy on those systems.



Since 2012, DHEC has made more than 150 enforcement cases against small water systems without issuing fines, instead telling utilities to write reports saying how they will fix the problems, enforcement data show. In about four dozen cases, water systems that escaped fines had histories of troubles that have lasted for years, The State found in its analysis of DHEC records.

When the state does issue a fine, it often isn't much.

The average fine for breaking safe drinking water laws in South Carolina is less than \$1,000, substantially lower than fines assessed against industries that pollute the air, ground or rivers, DHEC records show.

Karen Irick, a community leader in eastern Richland County, said DHEC's enforcement efforts are not good enough.

She lives in the Franklin Park neighborhood, a small working class community that struggled with regular water outages, lead pollution and brown water for 20 years because a private utility didn't do its job. She favors stiffer penalties for water systems that break safe drinking water rules.

And if that doesn't work, she said, the state should be required to take over failing water systems.

"I do believe there are a lot of rural communities that suffer the same fate we did," said Irick, who said her small water system's troubles were resolved only because residents demanded changes. "I don't understand how we can't get together and ensure the basic thing. And that is to ensure people have clean safe drinking water."

### **'They just need help'**

Small drinking water utilities range from private operations that serve trailer parks, country stores and rural neighborhoods, to systems that serve small cities.

All told, 22 private, for-profit companies operate small S.C. water systems, according to the state Office of Regulatory Staff.

Among those is Carolina Water Service, part of a private national corporation that oversees more than 100 water systems in the state. DHEC has made more cases for drinking water violations against Carolina Water — which is in the process of changing its name to Blue Granite Water Company — and its affiliates than any other water provider in South Carolina during the past quarter century, records show.

South Carolina's problems with small drinking water systems are part of a larger national concern that has emerged from California to rural Appalachia.

As pipes grow older and safe drinking water rules grow more stringent, small water systems are having a difficult time complying, either through neglect or a lack of money and expertise, experts say.

Not enough of the nation's attention and resources are being focused on the problems at small water systems, said Marc Edwards, a Virginia Tech professor who helped expose the Flint, Mich., water crisis.

South Carolina officials agree.

Many small water systems don't have enough money to keep up with maintenance because they serve small populations with limited ability to pay higher rates.

“What we know is that those smaller, rural area (systems), they just need help,” DHEC’s former acting director, David Wilson, told lawmakers during a budget hearing late last year. “They don’t

### **‘Tastes like dirt’**

Brittany Woods, a 19-year-old college student, said she first noticed an unpleasant taste in the water at a friend’s mobile home after moving in nearly a year ago.

While washing her hair in the shower, some of the water got into her mouth, leaving a sickening aftertaste.

“I literally almost threw up,” Woods said, describing the water as “tasting like dirt.”

The taste prompted the family she lives with to install a water filter on the kitchen sink. The water trickles slowly from the tap but tastes better than the unfiltered liquid the family was drinking, she said.

But Woods said that doesn’t help her when she is brushing her teeth or showering. After taking a shower, she said it feels like a film is on her skin.

Woods, originally from Texas, lives with a family at Sand Mountain Mobile Home Park, a small Lexington County community that has had troubles with its drinking water system.

During the past eight years, at least four state pollution tests have found lead in the park’s drinking water, DHEC records show.

In 2013, Sand Mountain exceeded the safe drinking water standard for lead, a neurotoxin that is particularly dangerous to young children even in small amounts. Last year, the mobile home park also was fined \$2,000 by DHEC for failing to check the water for bacteria, required under state law.

Those are concerns to Woods, whose friends have a 1-year-old child.

“It’s pretty (screwed) up, considering there are little kids living here,” she said.

Sand Mountain now complies with safe drinking water standards for lead, according to the most recent DHEC tests.

But like 250 other small utilities statewide, Sand Mountain’s water system does not treat its water to prevent lead from corroding off pipes, DHEC records show. The system also does not put fluoride in the water to protect children’s teeth, according to the Centers for Disease Control.

In March, a woman identifying herself only as the wife of the Sand Mountain owner questioned why the mobile home park was being included in The State’s story. She said they do their best to provide good drinking water to residents in “a well-run mobile home park.”

The owners have received no complaints about the water tasting bad, she said. She also said that Sand Mountain’s fine last year resulted because “the girl that tests the water .... she forgot about the deadline and missed it by like a day or two. It wasn’t that nobody is monitoring the water at Sand Mountain.

“We paid our fine,” she continued. “We monitor our water.”

When asked about the lack of fluoride in the water, she said “fluoride is not all that great a thing. A lot of people don’t want it put in their water.”

## **‘Do we not matter’**

DHEC ‘s files are filled with examples of problems faced by other small water systems, ranging from tainted water in campgrounds to pollution in tiny municipalities with few customers to pay for upgrading the water systems.

Among those:

- In northeastern Richland County, a radioactive pollutant tainted the water system that serves a working-class neighborhood for parts of 14 years. From 2002-16, elevated levels of radium were recorded in 56 percent of water tests in the Charleswood subdivision, according to DHEC. Radium is a naturally occurring contaminant that can cause cancer. Carolina Water Service, which owns the system, says the water now is being treated to control radium.
- In Greenville County, a regional Boy Scouts of America chapter failed for seven years to resolve bacteria problems in the water at a popular camp. DHEC fined the Camp Old Indian system \$2,000 last year, but bacteria problems surfaced again. System officials have cautioned campers against drinking the water when problems have arisen and are trying to resolve the issues.
- In Fairfield County, where nearly a quarter of residents live below the poverty level, the Jenkinsville Water Co. has had multiple problems with radioactivity. The most recent troubles occurred in 2017, when DHEC said a filter used to block radioactivity in the water wasn’t working properly. Overall, DHEC has made five enforcement cases for various violations against Jenkinsville since 1997, four since 2010. Water system manager Greg Ginyard said he has responded to any DHEC concerns and the water is safe to drink.
- In Bamberg County, where a third of residents live below the poverty level, DHEC inspectors this past spring found evidence that roosting vultures threatened a Denmark city water tank. The grass surrounding the tank was dying because so much vulture waste had dropped from above, records show.

Those problems were found as the public also learned in 2018 that Denmark — with DHEC’s approval — had injected a slime-killing chemical into its water for a decade, even though the federal government had not approved the chemical’s use in drinking water.

Denmark Mayor Gerald Wright says his city’s water is now in good shape.

But former Denmark resident Palmer Williams isn’t so sure. She had problems with the water as recently as 2018, the same year state inspectors gave the city a failing grade for the quality of its water system. After showering, her skin itched and her hair would fall out in clumps, she said. She moved to Orangeburg in 2018, saying she could no longer stay in Denmark.

Former state Rep. Bakari Sellers, a commentator on CNN, said small water systems like the one in Denmark have been neglected by the Legislature, DHEC and city leaders for years. More attention, money and oversight are needed to protect the public, said Sellers, who favors forming a regional water authority to help small communities in Bamberg County.

“We have been sounding an alarm in Denmark for 15 years now, and only now are people finally paying attention,” said Denmark-native Sellers, who is among a group of lawyers who sued the city over its water quality. “Somebody at DHEC needs to be fired over this Denmark thing.

“Do we not matter?”

## Jobs threatened

For years, low quality water had been a concern in Timmonsville, a poor eastern S.C. town with 2,300 residents.

There, townspeople often complained about yellow, urine-colored water and sketchy service. State regulators made cases for drinking water violations against Timmonsville at least three times from the mid-1990s until 2011, but difficulties continued in the cash-strapped community. The town also had problems with its sewage treatment system.

“Everybody, including the people of Timmonsville, recognized the system, for all practical purposes, had collapsed,” Florence Mayor Stephen Wukela said.

The situation was so bad that, in 2013, the U.S. Environmental Protection Agency and DHEC sued, saying Timmonsville was running a failing, pollution-plagued water and sewer system. The EPA accused Timmonsville of not properly filtering the water sent to residents’ homes.

About the same time, a major local employer also complained about the low water pressure from Timmonsville’s system to its vehicle manufacturing plant, Wukela said. The Honda plant had become frustrated with Timmonsville’s inability to provide enough water, he said.

Seeking a way to pay for \$12 million in needed utility improvements, the town settled the EPA lawsuit, agreeing to turn over its utility to Florence, a much larger city with more customers.

Wukela said the changes improved drinking water quality and kept jobs in the community.

“This issue created a threat for Honda of South Carolina and the potential (recruitment) for any other industry,” Wukela said. “Had Honda failed because of a lack of adequate water and sewer service, it would have been a devastating blow.”

## Big vs. small

Defenders of small water systems say many of the problems highlighted by The State can be found in large water systems as well.

Finding trained water treatment experts and fixing crumbling pipes are common problems for small and large water systems, they say.

Big systems also have run afoul of state regulators, including the city of Columbia’s, one of the state’s largest utilities. Columbia’s water system was fined five times from 1993-2013 for a variety of drinking-water violations, DHEC records show. Large utilities also sometimes draw complaints about discolored water. Most recently, researchers at The Citadel found microplastics in Columbia’s water, a common problem across the country.

“Utilities of all sizes nationwide face the challenges that come with meeting the existing, evolving and new regulatory requirements, water-quality concerns, aging infrastructure, and workforce shortages,” Jill Miller, director of the S.C. Rural Water Association, said in an email.

Ginyard, the Jenkinsville Water Co. manager, said he would put his system up against any other utility, large or small.



In the E coli incident from 2012, DHEC hit the utility with a \$14,000 fine, an unusually large penalty. The public was notified four days after Jenkinsville learned of the E coli violation.

But Ginyard said he did not know of anyone getting sick, adding that his water system routinely passes DHEC inspections.

“This system works,” he said.

## **Resolving troubles**

Fixing the problems that small drinking water systems are having will take money, patience and willingness to cooperate, experts say.

DHEC is seeking \$235,000 in next year’s state budget to add extra staff to its three-year-old Office of Rural Water. Those staff members would help small water and sewer systems do a better job by providing advice, among other things, the agency’s most recent budget request says.

The state also has a pool of money, partially from the federal government, for low-interest loans to drinking water systems. In some instances, the revolving loan fund has helped small utilities resolve problems. But that hasn’t always been the case. In some instances, small utilities haven’t had enough money to pay off even low-interest loans, sometimes with rates as low as 1 percent, experts say.

A recent report by DHEC to Gov. Henry McMaster recommended consolidating many small drinking water systems or absorbing them into regional systems.

“Many smaller municipal systems are facing increased operation costs while their customer base is not increasing enough to generate the additional revenues to cover the increased costs,” the report said. “Sharing services, personnel and water system equipment through a regionalization approach is one possible solution for small systems.”

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